

FISCAL NOTE

Bill #: HB0294 Primary Sponsor: Dave Lewis	Title: Authorize retirement boards to increase annual benefit adjustment Status: As Introduced
---	---

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
-------------------	------	---------------------------------	------

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures	0	0
Revenues	0	0
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Public Employees' Retirement Division

1. This is the only provision being considered except for reducing the waiting period for GABA from three years to one year (SB 89). If other provisions are enacted, the cost associated with this provision may be different.
2. This bill will increase the actuarial normal cost of total covered payroll of all retirement systems administered by the board as follows:
 - a. Public Employees' Retirement System from 10.69 to 12.11%.
 - b. Municipal Police Officers Retirement System from 23.52 to 27.41%.
 - c. Game Wardens' and Peace Officers' Retirement System from 13.91 to 15.77%.

(continued)

- d. Sheriffs' Retirement System from 16.63 to 18.86%.
 - e. Judges' Retirement System from 24.46 to 24.81%.
 - f. Highway Patrol Officers' Retirement System from 17.72 to 19.97%
 - g. Firefighters' Unified Retirement System 22.44 to 26.10%.
- 3. The increased cost for each retirement system will be absorbed by the respective system.
 - 4. In the Municipal Police Officers and Firefighters' Unified Retirement Systems the amortization period for paying off the unfunded liability will increase from 9.9 to 18.85 years and 7.71 to 14.70 years respectively. The other systems do not have unfunded liability.
 - 5. Increasing benefits to provide a retiree with at least 75% of the purchasing power they had at retirement will not have a significant effect on the Public Employees' Retirement System.

Teachers' Retirement Division

- 6. On January 1 of each year following the system's biennial actuarial valuation the Teachers' Retirement Board, in its discretion, may increase the GABA until a maximum of 3% is guaranteed as long as such an increase does not cause the amortization period as of the most recent valuation date to exceed 25 years.
- 7. At any time the board increases the GABA, they must included any benefit enhancement enacted by the legislature since the most recent valuation date in determining the amortization period.
- 8. Increasing the TRS minimum monthly benefit from \$500 to \$600 will cause the amortization period to increase from 15.1 years to 15.3 years.